Chapter 4

Global Economics and Unsteady Regional Geopolitics

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During recent years, increasing attention has been paid to a phenomenon—or, rather, phenomena—that is generically termed *globalization*. Defining it precisely, however, has proved elusive. There is a widespread, instinctive sense that much is in the process of changing, and changing rapidly, in a wide variety of fields and activities, especially because of advances in a number of technical areas—notably, transportation, communications, digitization, sensors, and computation. Yet no common definition of globalization has yet emerged, no basic standard of reference. That is part of the phenomenon itself: that so much of what is happening is uncertain, both in its current scope and in its future direction. Predicting what advances in technology will be most consequential has proved to be difficult enough (anecdotal evidence is legion about current developments that were not forecast only a few years ago); even more difficult is predicting what economic, political, social, and other consequences will flow from the technologies of globalization and their applications.

Thus, any effort to predict the impact of globalization suffers at the outset from the lack of a commonly accepted framework for analysis. For purposes of this analysis, globalization is viewed primarily in what could prove to be an overly restrictive way, namely, in terms of those developments that are increasing the pace and extent of interaction among nations, societies, and peoples, and of the speed with which information can be transmitted and processed. (Also critical are some ancillary developments, especially in high-technology military capabilities.) This definition reveals one conclusion: that, at least on one level, what we call globalization is not historically unique in terms of causing change. Because international interaction has been intensifying for many centuries, it may be appropriate to call it the "Gutenberg and Marco Polo effects." Perhaps the rate of change is accelerating, but the fact and direction of it, as well as its causal role in shaping the international environment, are not. At another level, however, quantity can become quality—that is, the way in which relations among peoples are developing, as well as the ways in which they are viewed (the political effects)—can establish new ways and create new patterns of behavior precisely because the pace of change is so great and the degree of penetra-

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tion into domestic affairs is so high. Consider the instantaneous engagement in transnational communication of far more people than was ever before possible, including to a high degree in nonlinear broadcast terms: leaping technical, interactive, and even conceptual barriers. Judging these political effects is most difficult of all; perhaps it is impossible. For the policymaker, this puts a premium both on process and on contingency—doing those things that, as far as can be told, are most likely to take account of a wide range of possible developments and potential changes that could have the greatest consequences in terms of their impact on a hierarchy of interests and values.

Globalization and the Post-Cold War Era

Globalization cannot be separated from other developments in international society; indeed, it cannot be understood outside the broader context. In regard to the strategic environment, the most important change has been the impact of the end of the Cold War—which itself is in part the product of an earlier stage of globalization as the term is being used here. The hollowing out of the Soviet Union (along with the rest of the Soviet empire) was certainly hastened by radical advances in telecommunications and computation, which accelerated the spread of ideas throughout the empire and permitted millions of people who previously had been institutionally excluded from that process—the essence of totalitarianism—to participate in the development of society and its evolution. Ironically, it was Mikhail Gorbachev's effort to modernize the Soviet economy in order to reform and thus to "save" both communism and the Soviet Union—enshrined in his policies of *glasnost* ("opening") and *perestroika* ("restructuring")—that helped to legitimize and to give impetus to the underlying forces that spelled the downfall of the totalitarian system and its appendages. This also provides a first lesson about the impact of globalization, in the sense that it is a phenomenon that marries technology to the spread of ideas, resulting in great difficulty in predicting the ultimate impact of globalization on societies, both domestic and international.

The End of Paradigms

The end of the Cold War brought what is sometimes called a return to normal international politics (that is, a more fluid system of relations among states and other entities) such as existed before the beginning of the great Ice Age of global politics that was the Cold War. In particular, the post-Cold War era has not been marked by the emergence of any small set of paradigms, as viewed by the most consequential leaderships, to govern large sections of the international system or the behavior of individual states within that system. For the United States, for example, Cold War policy could be reduced to its essence as three propositions: to contain the Soviet Union, its allies, and acolytes; to constrain and confound communism; and to lead a growing global economy. Obviously, this is an exaggeration: much that happened in the world during the Cold War fell outside the parameters of these three paradigms. Nevertheless, whenever there was tension between these paradigms and other possibilities or choices for national action, the requirements of

managing the Cold War—in particular the central strategic relationship with the Soviet Union—tended to take precedence.

Since the Cold War's end, the first two of these three paradigms—at least as they apply to the world beyond Cuba, China, North Korea, and parts of Indochina—are no longer relevant. The third paradigm—to lead a growing global economy—remains a critical goal of U.S. policy but has changed significantly in terms of its motivations and qualities. Of course, the idea of normal international politics also begs many questions. International society is different from what it was prior to the Cold War, in part because of progressive developments now lumped together as globalization. In some aspects, however, international society is similar to that of the past. (Also, even during the Cold War, what happened in various parts of the world was not just a function of the Cold War framework: regional developments, with their own dynamics, coexisted with the demands of Cold War management.) This similarity can be seen particularly in the continued use, in various places, of some classic tools of statecraft, such as the balance of power, the pursuit of regional hegemony, and deterrence. The term *normal*, therefore, is used here to indicate international and regional politics that are not distorted by some overarching global framework.

Also important as a method of foreign policy analysis and action, there is today what could be termed a paradigm gap: namely, it is unlikely that there will emerge a relatively small set of propositions that can describe, much less govern, the international system overall, certainly not to the degree that the Cold War paradigms "governed" the world of that era. Nor is it likely, for the foreseeable future, that the United States and its Western partners will see the emergence of a country seeking global hegemony (even an assertive China would be unlikely to have the worldwide ambitions of the old Soviet Union) or, with even stronger reason, a new ideology with the Earth-spanning pretensions of communism.

Limits on Mobilizing Power?

Globalization, in terms of communications and the spread of ideas, can be viewed as helping to reinforce this lack of a new anti-Western ideology, certainly one applying to the assertiveness of states and to the development of a single stance with widespread appeal in different regions of the world. In the former case is the argument—not systematically proved, but often asserted to have at least intuitive value—that "democracies do not make war on other democracies." At least part of this idea can be stated in another way: the spread of information, radically promoted by advances in telecommunications, can inhibit central governments in their efforts to mobilize national power for aggressive purposes, unless there is some compelling national ethos that can withstand the test of relentless exposure. At times, nationalism and ethnicity have had such a quality; witness the capacity of Slobodan Milosevic to mobilize power to destructive ends in today's Serbia. It still has not been proved, however, that such moods of national assertiveness can be sustained over time in a communications-rich environment in the absence of palpable threats that can rally domestic opinion decisively. The possibility of sustaining such a mood is likely to be particularly questionable in societies whose politics place a significant value on hu-

man life and whose governments cannot obscure losses from conflict (losses measured in blood, if not treasure) or stifle popular access to attacks on their propaganda.

An Ideological Response to Globalization?

At one level, the more rapid transmission of information, with greater penetration within and among societies, could acquaint large numbers of people with the same ideas and help to build broad transnational coalitions. At another level, however, the same technological capabilities can rob a proselytizing ideology of exclusiveness in terms of access to individuals, such as has been a hallmark of ideologies that have been exploited by totalitarian regimes. One important qualification should be noted: a new ideology (or a use of an old ideology for contemporary political purposes) might prove to be so compelling, as a response to stresses within a society, as to drown out competing information. There is precedent, though not in this age of telecommunications—namely, the emergence of the three principal European-origin ideologies that developed, over a century and a half, in response to the Industrial Revolution: liberal capitalism, communism (and its cousin, socialism), and fascism. It is conceivable that the age of globalization will produce economic and social disparities and dislocations of such a magnitude as to spawn one or more ideologies in reaction, but even if they do, it is quite another thing for such ideologies to have a global reach. A religion with global reach is possible, but none of today's major religions is a candidate. Fears of some commentators that a sort of political Islam would fill this role already have been confounded.

At a more modest level, reactions to globalization have already set in. The angry protests at the Seattle meeting of the World Trade Organization in 1999 should not be extrapolated as conclusive evidence of a new era in attitudes toward economics, society, and relations among nations, peoples, institutions, and private sector entities. Nonetheless, it is clear that there is "push back" against some of globalization's trends and that this reaction is coming from a diverse set of sources and perspectives that reflect, in part, differential rates of adaptation to the disruptions caused by globalization. There is also a generalized reaction to the identity-reducing quality of some aspects of globalization, relating even to developments such as the formation of the European Union (EU), which has witnessed increased regionalization within Western Europe. In part, this regionalization has been a search for meaning in an era when, in Europe, the nation-state has become less relevant than it once was. Nevertheless, these trends cannot be seen, at least not yet, as the emergence of some globe-spanning response to globalization that will evolve into a new paradigm of analysis and, possibly, of action.

The basic lesson, therefore, is that in the era since the end of the Cold War, owing to the new fluidity in world politics and the onset of a new and intense phase of technology-driven globalization, a few simple paradigms for describing the international system, much less governing it, are unlikely to emerge. Indeed, there could be even more fragmentation, especially in regard to the role that perception plays in determining the nature of the international system. ("There is nothing either good or bad, but thinking makes it so.") By the same token, it is difficult, if not impossible, to ascribe to

globalization specific effects in regard to the international political and economic system that occur without reference to other developments. In short, the world as we know it and see it evolving must be taken all of a piece, with an effort, however imperfect, to ascribe to globalization at least some causes of change.

Globalization as a Marriage of Technology and Ideas

There is a basic distinction to be made between instruments and effects. In terms of developments in the international system, instruments of globalization are most prominent in technology, as reflected particularly in transportation, communications, and the making sense (computation) of the information that is thus transmitted or acquired. The most important technological developments of globalization (that is, those that are relevant to international relations in the broadest sense of the term) are likely to continue to be increased speed and volume of transport in all of its aspects, information technology, sensors, and computational capacity—the getting of people, things, and information from place to place and the manipulating of the information that is involved. Understanding the significance and impact of these technological developments also requires dealing with their effects—what do the technologies, as they are applied, actually do within political, economic, and social contexts? Of course, the very complexity, interrelationships, rapid development, and unpredictable evolution of technologies (instruments) combine with vagaries regarding their effects to create a great deal of uncertainty. Nevertheless, for policymakers, that statement is no answer, and further efforts at analysis—making distinctions and searching for predictability regarding causes and effects—need to be made.

Trends

During the next decade or so, the evolution of the international political and economic system is likely to be deeply affected by a variety of trends. A major challenge for governments, including the U.S. Government, will be to understand how these trends interact, how they affect one another politically, economically, militarily, socially, and culturally, and how to make relevant decisions about foreign policy in such an environment. Two trends help to illustrate the broader phenomenon of globalization and the differential development of aspects of international life that stem at least in part from globalization and its effects.

Trend One: Global Financial Marketplace

There will certainly be increased globalization in finance, as a result of the capacity to move the denominators of wealth (capital) from place to place at speeds that were inconceivable only a few years ago. It may not be an exaggeration to say that, within a limited time, there will be, in the absence of controls imposed by governments or international institutions, a single global financial market, for that is the direction in which the organization of capital markets is moving. This phenomenon is made possible by the technical capacities of moving capital in "real time," if not also

of making decisions at a comparable pace. In all systems, friction is a fact, but the concept of a truly efficient global capital market is no longer just a pipe dream of theoretical economists.

The implications of this form of globalization, even if significantly inhibited in terms of timing, scope, or limitations deliberately placed upon it, are profound. For several years, certain trends have been accelerating, driven by technology and the organization and systems development that it facilitates, with uneven application in different countries and regions, but moving toward significant uniformity in open market situations. These trends include a decreasing capacity of governments to control capital markets within their frontiers; a rising risk associated with uncertainties; lessening efficacy of traditional economy-regulating methods available to governments and internal markets (for example, interest rates, exchange rates, money supply); increasing costs of competition to retain financial assets ("beggar-thy-neighbor" policies as a structured response to globalization); and decreasing confidence in any form of planning that assumes some predictable supply of financial assets at a cost within a relatively narrow range. A distinction can still be made between financial assets that are highly, even instantaneously, mobile on a global basis and other economic instruments (such as invested capital and labor) that are relatively fixed. Nevertheless, the impact of the former can still have a major distorting effect on the latter—especially in reducing the capacity for self-management of governments and even of whole economies. This analysis, moreover, does not account for the differential impact that a new global financial marketplace can have within individual economies, among different sectors, and within classes of society. This provides a dual meaning for the concept of "digital divide"—not just as between countries, but also as between individuals within a society (who is "digital," and who is not?).

The phenomenon of an emerging global financial marketplace can have diverse effects. Some of these could be characterized as good. They would include increasing the efficiency of markets, stimulating economic growth and trade, and helping to provide a basis for long-term increases in productivity and standards of living. Other effects could be characterized as bad. They include increased disparities among groups within domestic economies, social dislocations and increased stresses, the stimulus to populist and xenophobic politics, potentially increased differences in economic performance between "advanced" and "retarded" economies (coupled with increased alienation between "rich" and "poor" countries), and, perhaps, a greater reluctance on the part of some countries to cooperate with other countries or with international institutions. At the same time, it is not clear what impacts on broader global politics will stem from changes in financial markets or other economic developments that will be deeply affected by globalization.

Trend Two: Strategic Regionalization

In partial tension with the increased globalization of the financial marketplace and—with somewhat less force and effect—with broader international economic relationships (involving less mobile factors), the trend toward strategic regionalization is found in the realm of geopolitics (the intersection of forces and effects that deals primarily with strategic, military, and political matters). As a function of the end of the

Cold War and the loss of two of that era's three central paradigms, at least as viewed by the United States and much of the West, geostrategic coherence has also dwindled.

By the same token, there has been a reassertion of the importance of regional developments. This has been true in two senses: first, in terms of the inherent significance of regional developments (for example, less competition for attention from the requirements of an overarching global geostrategic framework) and, second, in terms of a lack of relationships among regions, and of developments within a region, of a nature that was enforced by that overarching framework. This is most clearly seen in the end of concerns that developments in one region or another could escalate—politically or militarily—to engagement of another region, with the implication, finally, that there could be some form of global conflict. There still do exist interrelationships among regions and even situations of potential escalation, however modest: thus, the Kosovo conflict entailed a requirement for NATO to extend temporary protection to Macedonia and Albania. Similarly, a military attack by the People's Republic of China on Taiwan would be unlikely to be contained within the immediate region. There are several circumstances in which the use, or threat of use, of weapons of mass destruction (WMD) would have effects across regions.

Nevertheless, in general, the end of the Cold War means that events within individual regions, including events of major significance to the world's great powers, are more likely than before to play out within the region itself, or at least primarily within its neighborhood. As early as 1991, during the Persian Gulf War—sometimes called the first major post-Cold War conflict—the theater of political as well as of military combat was more constrained geographically than would have been true only a few years earlier. There was little risk of an East-West conflict—centering on the United States and the Soviet Union—emanating from regional events that, in the Cold War, could have been cause for a major crisis and very likely superpower collusion to keep the crisis under control. It is not even clear that an event so regionally cataclysmic as an India-Pakistan war that introduced nuclear weapons would have critical, direct effects outside that region, beyond the precedent that such use of nuclear weapons would obviously set.

The CNN Effect

It is often argued that one major aspect of globalization—namely, widespread access to immediate information about what is happening in distant regions—will cause attention to be paid to physically distant events and actions to be taken, at least by morally sensitive countries, even where there is little or no connection to the classic interests of outside observers. This is sometimes called the *CNN effect*. The evidence for such an effect, however, is not conclusive or at least is not universally applicable. To be sure, it is now possible to bring events into the "global living room" from just about any point on the globe—media "point and shoot"—but it is not clear that this translates into mobilization for action. That is, it is not clear that simple media exposure creates a connection or an interest where none might otherwise have existed.

This point can be illustrated by several recent events. For example, the United States and other states in the West eventually responded to visual evidence of horrific

suffering in Bosnia and later Kosovo, but they were less sensitive to, and less motivated to action by, events in East Timor; moreover, they were virtually unresponsive to events in Afghanistan and Rwanda. Some commentators might attribute these different reactions to an accumulating anesthetic quality of suffering portrayed by the media; however, the differences might also be ascribed to the relevance of the regions where the viewed events were taking place to the interests of the countries that were doing the viewing. The status of East Timor does relate to the broader question of Indonesia's future, which, in turn, relates to long-term issues of development and stability in Southeast Asia, and events in both Bosnia and Kosovo were taking place in Europe (demonstrating the importance of moral relativity in the CNN effect). At the same time, the very existence of these conflicts struck at the basis of political support for NATO and the European Union to pursue what were seen to be other, more important objectives. The events in Afghanistan, Rwanda, Kashmir, Sri Lanka, the Congo, Angola, and elsewhere were widely viewed—and were important—in human terms, but they were not judged as particularly important by the United States and other Western states in terms of geopolitics.

The point also can be illustrated by viewing the CNN effect from the reverse angle. Efforts by Saddam Hussein's Iraq to develop weapons of mass destruction and otherwise to avoid meeting the requirements of the 1991 cease-fire in the Persian Gulf War are of consequence to the West. During several crises in recent years, widespread media attention has been paid to developments in Iraq, and the U.S. administration has thus been put under intense political pressure to take action. Notably, however, within days—if not hours—of the "resolution" of each of these crises, media attention rapidly shifted elsewhere. The "crisis" has had no lasting impact in terms of media coverage and, concomitantly, there has not been an insistent public outcry for U.S. officials to deal with the issue on a continuing basis.

Regional Contexts

This geostrategic situation is not to deny that there will be significant connections among regions in the post-Cold War era, or that factors of globalization, overall, will be important. For example, the spread of military technologies can enable states not only to employ force beyond their immediate region with greater facility than previously (for example, ballistic missiles and, should warhead technologies spread, especially nuclear weapons), but also to act militarily in ways that are out of proportion to their national power as measured by classic means. (This has always been one fear of nuclear proliferation; it is coupled with assessments made by some observers about whether particular countries can be dissuaded through the use of the classic instruments of deterrence from using WMD.) Of course, the spread of weaponry is as old as history, and it cannot be ascribed to globalization as such. However, the reach of some modern military technologies, as well as their effectiveness—factors that owe in major part to the same range of technologies that are at the core of globalization—does lead some weaponry to outstrip geography. That is, weapons become more effective at longer ranges, but the world itself is not expanding. Thus, weapon X can enable relatively small country Y to apply military power well beyond its earlier, natural limits.

Some geopolitical connections among regions may actually increase in the post-Cold War era, in part because they are not part of the former era's larger perspective, with the risks of escalation and prospects for discipline imposed by the superpowers. These connections among regions may be abetted by globalization, but that is only a matter of intensity or pace, not primary cause. The increase in the number of state actors, especially in regions that are judged by the great powers of the Northern Hemisphere to have some sort of inherent importance, is also producing classic problems and gambits of geopolitics, in some cases extending to relationships among regions. This is particularly true of countries bordering the former Soviet Union. Thus, Western states concerned with stability in Europe focus once again on imponderables in Central Europe, extending all the way to the Balkans—which, among other things, has gained importance as the back door to other Western concerns in the Aegean and Middle East. Hence, both NATO and the European Union are trying to create a permanent stability by engaging the Central European countries, in one form or another, within their compass of security; hence, as well, NATO evinces a special concern about the future of Ukraine.

Western interests, whether direct (for example, energy) or indirect (for example, stability), also extend to other unstable or not-yet-predictable areas of the Russian periphery. For example:

- There is increasing Western concern about the Caucasus (North and South), in part as a function of calculations about the future of Russia, its integrity, and the West's role in promoting its evolution into a stable, democratic society, and in part as a matter of helping the Transcaucasian states to ratify their independence and to secure their capacity to produce energy (Azerbaijan) or provide transit for it (Georgia).
- The West has similar concerns (including about energy) about the Central Asian states.
- To varying degrees, in all eight of the states along the southern border of Russia, a rudimentary "great game" has begun. The players in this game are not completely clear or consistent, but they include regional states (such as Uzbekistan), Russia, Turkey, Iran, the United States and—to the east—China.
- A new geostrategic context is evolving that has Russo-Chinese relations at its core (while also extending to Central Asia and parts of the Middle East).

At the same time, the end of the Cold War has seen the emergence of new areas of real or incipient contention. For example, relations among states in the Persian Gulf, partly frozen during the past decade and left in a strategic limbo by the U.S. dual containment of Iraq and Iran, are becoming more complex. During the next several years, they are likely to develop into an elaborate system of balancing elements. India, Pakistan, Kashmir, Afghanistan, and Iran are emerging as a particular regional subsystem that overlaps with others. China's status in East Asia will clearly be a major focus of both regional and international developments for the foreseeable future; it will also involve Japan, Korea, Southeast Asia, India, Pakistan, Russia, and the United States. Recent diplomatic moves on the Korean Peninsula have provided par-

ticular evidence of the potential for a large impact on the broader East Asian system. The development of a regional system embracing these countries will have some mixture of politics, economics, military power, and strategic interests and concerns. Meanwhile, Arab-Israeli relations will continue to be important, even though one major impetus for U.S. concern—the risk that regional conflict could escalate to conflict with the Soviet Union—no longer applies.

All of these developments, and others in different regions, will be affected by globalization, in various ways and to a greater or lesser degree. They do not spring from globalization, however, nor is their course—and valid responses to them—likely to depend fundamentally upon globalization and its effects, as opposed to more classic aspects and instruments of geopolitics.

Bridging Geoeconomics and Geopolitics

To be sure, issues of trade and resource flows will continue to provide a bridge between the worlds of geoeconomics and geopolitics—and between the regional and global contexts, as witnessed by the growth of regional trading and related agreements, such as *Mercado Común del Sur* (MERCOSUR)—the Common Market of the South, the Association of Southeast Asian Nations, and the European Union. It should not be surprising that oil—its discovery, control, production, transport, refining, and marketing—retains its formative character for many issues in the globalization era, as it did under the "old economy." This is true because fueling economies remains critically important, whether the balance within Western economies tilts toward goods or services, tangibles or intangibles, the "real" or the "virtual." Indeed, the impact of oil on geopolitics is still significant, even with a low likelihood of future efforts to embargo exports as a function of Arab-Israeli conflict, not just because the Organization of Petroleum Exporting Countries retains considerable ability to set oil prices, but because there are new concerns about the production and export of oil from the Transcaucasus and Central Asia. The matter of the pipeline routes to the West has taken on major economic and political significance, with widespread effects on regional developments and on the relationship between public and private sectors in setting foreign policy.

Terrorism also is often cited in discussions of the impact of increasing globalization on international politics. At one level, the greater ease of transportation theoretically increases the capacity of terrorists to act in different places, even those remote from their home locations. Information about the methods of terrorism, including instructions for creating powerful weapons, is carried on the Internet. At another level, images of terrorist acts can be broadcast worldwide. Of course, this is not new. Indeed, much of the Middle East-based terrorism of the 1970s to 1990s relied for its effects on the potential for getting peoples remote from the events to identify with the victims of those terrorist acts—an identification essential to classifying such acts as terrorism, with its goal of seeking to provoke compliant political action.

Here, as in the case of weapons of mass destruction, modern technology can be seen to increase vulnerability in target states, including the United States. Whether these technological advances can be categorized as globalization, they help to pro-

vide a potential for what is termed *asymmetrical warfare*—the ability of a relatively small power (or a nonstate actor) to cause destruction and hence to have a political impact even where the overall balance of forces overwhelmingly favors the opponent. This can be particularly true in circumstances where the tolerance of the more militarily advanced society to sustain casualties is relatively low, as was evident in the U.S. engagement in Somalia in 1993 and for all of the NATO allies in Kosovo in 1999. In the future, leaders of relatively small military powers around the world will likely make their own calculations about this factor.

Implications for Policy

In the era embracing the parallel developments of the post-Cold War paradigm gap and intensified globalization, some features will have a particular impact on the way in which the United States will need to look at the outside world, its role in it, and decisions to be made about that role. These features include the following:

Role of Nonstate Actors

Decisions in areas of the greatest globalization will increasingly be taken by nonstate actors—especially in the private sector. It is in these areas and with these actors that some of the more significant cultural and political challenges to globalization will be found. This will be especially true where its impact exacerbates differences among and within societies in terms of information, wealth, and social structure. Many of these nonstate actors will be labeled—accurately or not—as "made in America," a phenomenon that parallels the widespread tendency to conflate the terms *modernization*, *globalization*, and *Americanization*. As a result, the United States is likely to be saddled, for good or ill, with responsibility for much of what American nonstate actors do.

Indeed, it is increasingly obvious that U.S. foreign policy, as it affects both the corpus of U.S. interests in the world and the perceptions by others of what the United States does, is not limited to government action. Other countries will not care very much whether U.S.-origin actions are manifested by formal government agencies, by U.S. nongovernmental organizations (NGOs), or by U.S. private sector entities. This creates added difficulties for the U.S. Government in managing—much less controlling—the Nation's role abroad, promoting some sense of broad, shared interest, and relating different instruments of foreign policy to one another. For example, a U.S.-based private financial institution may be able to move capital to a country that the U.S. Government wishes to contain, and Washington may have little ability to impose controls. Likewise, an offshore firm, with major U.S. ownership, could transfer defense goods to a third country with little control by Washington, except to the extent that it could identify "U.S. content" subject to licensing restrictions and possible sanctions.

Continuation of the Nation-State

At the same time, it is certainly premature to write off the nation-state as a major actor on the global scene. In terms of mobilizing military power, nation-states do not

have a complete monopoly. Except for what is still comparatively limited nonstate-sponsored terrorism, however, countries muster the overwhelming bulk of military power and decisions on its use. By the same token, most actions within the broad framework of geopolitics reflect decisions taken by sovereign governments. Certainly, in terms of developing policy toward the congeries of regional foreign policy challenges, what the U.S. Government does will have far and away a greater impact than what is done by nonstate entities, whether NGOs or the private sector. This point is sometimes overlooked in analysis of the impact that globalization is having in the economic realm, as well as in the spread of information directly to populations, which reduces the relative dominance of governments over what has classically been called "intelligence collection."

Even within institutions in which diminution of sovereignty is a key goal—as is certainly true in the European Union, for example—the role of individual states in the conduct of what can be called foreign policy is still dominant. In this case, the European Commission has responsibility for trade negotiations for all 15 member states in the European Union. Even so, the EU Common Foreign and Security Policy and European Security and Defense Policy are still firmly in the bailiwick of the European Council, which represents the sovereign states, and critical decisions in these areas are still taken by consensus.

Nor is it likely that the nation-state will lose significance in the conduct of foreign policy, at least for the foreseeable future. This does not deny that globalization will have its effects or that the authority of governments is in some measure being challenged. It is rather to caution against expectations that the age of globalization is rapidly bringing both the emergence of effective supranational bodies and the paralysis of national governments to act in this realm.

U.S. Military Power

Also in this era, a handful of countries (especially the United States) are finding that the capacity to project military power abroad is increasing dramatically. For the foreseeable future, the United States will almost surely remain the world's dominant military power; however, its role may be challenged militarily in niche areas (for example, because of geographical features, nonconventional weaponry, or attrition tactics by adversaries trying to exceed U.S. political tolerance for casualties). Or the United States could be challenged politically and economically where military superiority is not particularly relevant. For example, asymmetrical warfare need not be just about military capabilities and their application, but rather can be found in other areas that affect U.S. interests. Thus, there is rising concern about so-called cyberwarfare, which would employ technological weapons—targeted at hardware, at software, or simply at processes—that in many cases should properly be seen as economic in character. For example, the disrupting of commercial and financial information flows can have a crippling effect on a nation's capacity to function, an effect that is analogous to military destruction. How serious such threats may become is open to debate, however, along with the potential for counteraction, protection, redundancy, and reassurance, provided in part by the sheer size and proliferation of information flows.

At the same time, it is not clear in what circumstances the United States will be prepared to use military force in pursuit of its interests—or how precisely, especially in advance, to define those interests. In the post-Cold War era, there has emerged a sort of "paradox of military supremacy," whereby the United States has the capacity to apply power almost anywhere and, in some cases, with little or no risk to itself. But in the 1990s, the United States has also adopted, informally, a number of self-limiting ordinances. These can be seen both in recent actions regarding Iraq and, especially, in the conduct of the Kosovo conflict. In major part, this reflects an implicit calculation, in popular American imagination, that relates the value of interests to the willingness to sustain casualties. There is a spectrum, extending from interests for whose protection it is clearly worth running severe risks (for example, repelling Iraq's 1990 invasion of Kuwait and the further threat to oil throughout the Persian Gulf) to those that are not worth risking more than minimal casualties (such as the Kosovo conflict, which was waged without any allied combat fatalities). The cross-over point is not clear, and this lack of clarity may be exploited by leaders who seek to broaden the limits of what they can do by effectively deterring the United States, especially through posing credible risks of U.S. combat casualties out of proportion to the perceived U.S. interests at stake.

In part because of this phenomenon, the United States has already moved significantly toward resolving, in practice, the domestic political issue of its preparation to use military power unilaterally or primarily when it can act within a coalition. Since the end of the Cold War, certainly the U.S. predilection—from the Persian Gulf War to Kosovo—has been to seek coalitions. Among other things, this raises important questions relating directly to military developments that draw on the same technologies that are most evident in promoting globalization. Within the Atlantic Alliance, for example, there is a serious risk of a "hollowing out" of NATO, provoked by the differential rates of force modernization, especially in taking full advantage of developments in high technology. Indeed, tomorrow's U.S. forces may be unable to fight in collaboration with allied forces that remain stuck essentially at today's technological levels. Trying to remedy this situation, even before considering whether NATO as a whole would be involved militarily beyond the confines of Europe, is a key premise of the NATO Defense Capabilities Initiative that was agreed upon at the 1999 Washington Summit.

Economic Sanctions

At the same time, the use of one principal nonmilitary instrument, economic sanctions, is increasingly suspect as an effective means of promoting U.S. interests. There are the classic problems posed by sanctions, including the difficulties of impacting on the right targets in terms of goods embargoed and populations affected (that is, leadership elites versus the poor); gaining the support from other countries that is needed to prevent circumvention or "leakage"; and limiting the possibilities for import substitution, which sometimes even leads countries facing sanctions to become stronger economically and more autarchic militarily than they would be if free of embargoes. Now there is a reduced incentive for allies to accept the disciplines of imposing sanctions, in the absence of Cold War requirements and in the

face of the decreasing national character of large segments of the private sector, especially large entities with global reach, in both finance and other economic activity. Furthermore, governments have less control over elements of the private sector, especially finance, which inhibits their effectiveness in applying sanctions even if they were inclined to do so. In general, therefore, economic sanctions have dwindling value in a globalized world.

Strategic Analysis and Policy

Because of all the factors that have been discussed, notably the intersection of post-Cold War developments and globalization, the U.S. Government's promotion and defense of U.S. interests abroad will require a significantly different overall approach to policy. The conduct of international relations will include a challenge to manage the interplay between the differential rates and impact of trends and countertrends to a degree never before required. This will be especially important where major aspects of a globalized world will be dominated by private sector activity, while governments will have primary responsibility for more regional matters of geopolitics.

At one level, there must be a resurrection of the qualities of strategic analysis that marked the two decades after the end of World War II, when the United States had to devise the first long-term grand strategy in its history, along with coherent substrategies for prosecuting the Cold War—qualities of analysis that have tended to fall into disuse.

At the same time, there must be a radically increased capacity in the United States to identify, develop, and integrate different elements and instruments of policy—such as political, diplomatic, economic, and military—and to make choices, in terms both of investments in instruments and of geographical and functional concentration. This point should be obvious, but in all too many areas, it is not, in part as a product of habits developed during the Cold War, in which the classic triad of foreign policy instruments—political, economic, and military—came to be seen in terms of a hierarchy, with military instruments (and especially those instruments required for deterrence of war with the Soviet Union) in the ascendant. In the post-Cold War era, by contrast, the other elements of the classic triad have again come into their own, as a more normal, or at least less skewed, functioning of international politics. This is especially so where military instruments of policy may be far less relevant to meeting national interest requirements than at least appeared to be true during the Cold War.

This integration of policy instruments must also take adequate account of the possibilities—and especially of the limitations—of the role played by nongovernment entities, especially financial and commercial, in determining what the United States can do abroad. The institutional and political structure of U.S. administrations is not well suited to make these connections, to do the relevant strategic and policy analysis, and to translate conclusions into decision and implementation. Nor is the relationship between administrations and Congress structured in a way (nor is Congress itself so structured) to facilitate decisions, choices, tradeoffs, planning, and organization to create and to carry out comprehensive and integrated policies in the post-Cold War, globalizing world. The dwindling ratio of "signal to noise" in policy, in part as an effect of communications technologies and the consequent explosion of informa-

tion and its dispersion, make developing strategies and applying them that much more difficult, as well as that much more necessary. This is the policy universe in which the United States and its leaders must now increasingly operate, with the same requirements as before of taking care to protect the interests of the Nation, to the extent that this concept can be defined coherently and consistently.

Basic Requirements for Policy

In the absence of any major unifying focus in security challenges (such as a hostile China), in order to advance U.S. interests overall, the U.S. Government must be able to develop new skills, techniques, and practices. In addition to those highlighted earlier, others include the need to:

1. Design and employ military forces in significantly different ways from those of the past. Some of the implications of this statement are already being seen, for example, in the increased role for high technology in the evolving structure of the Armed Forces, all of which are becoming more capital-intensive; in the capacity for integrating military activities across different environments, as well as among the services; in higher expectations in regard to the performance of weaponry ("if you can detect a target through sensors, you can destroy it with your weapons"); and in power projection rapidly across great distances, with implications for issues such as basing requirements and force structure and employment. In addition, there is an increased premium on integrating military and political-military functions, as seen in some key active uses of U.S. military forces in the last decade in Europe, including peacekeeping in Bosnia and Kosovo, peace observation in Macedonia, and training of other countries' militaries through the Partnership for Peace (PFP).

2. Interact effectively with NGOs (for example, financial institutions, private sector organizations). This will include a need, even within traditional areas of foreign policy and national security, to develop public-private partnerships in which the interests and activities of nongovernment entities can be brought into some degree of concert with government efforts, in terms of incentives and common interests (as between government and private sector goals), rather than through coercion.

3. Deal with the "paradox of information," defined in the following way: The more access there is to information, the greater challenge there is to the ability of free society governments to decide on national interests and to mobilize action, especially action requiring sustained effort or imposing high costs, in terms of blood or treasure. The relative lessening of the primacy of governments in gaining access to information about events and developments in other countries is having an impact on the crafting and implementing of policy, as well as on the building of support for it with Congress and the American people. This is a different form of the CNN effect that makes it more difficult for government officials to claim superior "expertise."

4. Revise, as necessary and appropriate, methods of making and carrying out U.S. foreign policy within the administration, and between it and the Congress, to deal with post-Cold War requirements and possibilities. This revision is especially impor-

tant in regard to integrating various approaches and instruments of policy. This also means inculcating within U.S. Government councils a much greater emphasis on strategic analysis, cross-disciplinary interaction (including realms of technology that give life to globalization), long-term planning, and political leadership prepared to make choices, commit resources, and build political support for courses of action that are not demanded immediately, but that can be critical in terms of shaping an environment that will be congenial to the United States.

5. Reconcile the competing demands of domestic special interests toward the outside world with some sort of shared national interest that can be broadly sustained in U.S. domestic politics. This has become more of a problem in the post-Cold War era as the requirements of prosecuting that conflict within some broader, national framework of interest have disappeared and as popular attention to foreign policy, on a national basis, has declined, while a wide variety of special interests pursue their own agendas.

6. Build international institutions, practices, processes, and relationships that can be sustained over time and that will engage a broad range of other countries in collaboration with the United States.

This last point may prove to be the most significant, in terms of the long-term U.S. response both to developments in the post-Cold War era and to the growth of globalization. It is key to turning power into influence in a world where the United States has more incipient power—military, economic, and to a considerable extent, political and cultural—than does any other country, perhaps since the collapse of the Roman Empire, but where the United States and its people do not have the aspiration, temperament, tradition, or organization to exploit this potential for purposes of national aggrandizement. This is very different from the attitudes and behavior of other countries in the past, some of which have sought to translate relative superiority in the instruments of power into hegemony or empire. A building process that seeks to promote long-term U.S. interests by promoting those of other countries and peoples as well is not only likely to have more staying power than does a policy that focuses on the short-term pursuit of unilateral advantage, but is also more likely to help the United States deal with the onset, at some point in the future, of a relative diminution of the relative advantages in power that it now possesses. At the same time, this kind of building process can help the United States deal with responses by other countries that are tempted to see in the current U.S. position a need to seek ways of confounding U.S. advantages. Indeed, this movement toward finding ways of offsetting U.S. power and influence is already being seen, not just in countries such as Russia and China, but also among some friends and allies of the United States.

The virtues of seeking, with others, to build international institutions, practices, processes, and relationships that can endure have already been shown in the effort during the 1990s to recreate and adapt NATO to the challenges and opportunities of the 21st century. Within the Alliance, this has included an effort to engage a wide range of countries in Europe and the former Soviet Union in pursuit of an overarching security structure that can provide benefits for each country—at least those that see advantages in this cooperation. Thus, NATO has pursued five key goals: (1) to keep the United States permanently engaged on the Continent as a European power; (2) to preserve the

best of its past, including the integrated military command structure; (3) to engage Central European states fully in the West; (4) to draw Russia productively out of a self-imposed isolation that has lasted more than 70 years; and (5) to stop actual and incipient conflict within Europe. To achieve these goals, the Allies have adopted a series of interlocking initiatives. In addition to its military activities in the Balkans, NATO has begun taking in new members while keeping the door open to others, launched the successful PFP program and accompanying Euro-Atlantic Partnership Council, negotiated a NATO-Russia Founding Act and NATO-Ukraine Charter, redesigned the Alliance command structure and strategy, and made room for the European allies to assume greater responsibilities for security, in terms of both structure and force contributions, through the EU European Security and Defense Policy. All of these efforts are bent upon testing whether it is possible to create a "Europe whole and free"—the first time in history when such an experiment could even be attempted.

As part of the broader purposes of building an institution that will command the support of as many Euro-Atlantic countries as possible, it has been critical that the redesigning of NATO, while carried out with a strong measure of U.S. leadership and essential engagement, has the support of all the NATO allies. Indeed, all can claim a share of the credit for creating this promising security structure and practice. At the same time, the way in which the Alliance is defining security extends far beyond the concept's military aspects and encompasses economic developments in parallel areas (under the leadership of the EU), a role for the EU Common Foreign and Security Policy and European Security and Defense Policy, the Council of Europe, the Organization for Security and Cooperation in Europe (OSCE), and the engagement of the private sector. While still a "work in progress" and subject to the requirements of political will and provision of adequate resources, this recasting of European security for the 21st century has prepared a framework that makes sense and that holds significant promise for dealing effectively not just with the interests and values of the several nations involved, but also with changes that are taking place within the rubric of globalization.

Of course, the possibilities in Europe for building international institutions, practices, processes, and relationships are not to be found in many other places around the world. Common interests and common values are not so similar in form and substance as to promote a duplication of the NATO experience elsewhere. Nevertheless, what has been learned in Europe during this past decade does validate propositions about integrating different instruments of power, planning for the long term, engaging different countries in looking for common interests, and applying the full range of techniques of strategic analysis. This, ultimately, is the way to balance the new requirements of a globalizing world with the classic dictates of power, purpose, and position in shaping the future.